



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



FILE COPY

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Comptroller

*Internal Audit Section*

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January 20, 2012

Malik Ahmed, Chief Executive Officer  
Better Family Life  
5535 Delmar, Suite 2100  
St. Louis, MO 63112

RE: Community Development Block Grant (CDBG) (Project #2012-CDA11)

Dear Mr. Ahmed:

Enclosed is a report of the fiscal monitoring review of the Better Family Life, a not-for-profit organization, CDBG Programs, for the period January 1, 2011, through August 31, 2011. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Better Family Life. Fieldwork was completed on October 19, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**BETTER FAMILY LIFE  
CONTRACT #11-31-72, #11-11-95, AND #CDBGR-18  
CFDA #14.218 AND #14.253**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2011 THROUGH AUGUST 31, 2011**

**PROJECT #2012-CDA11**

**DATE ISSUED: JANUARY 20, 2012**

**Prepared By:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
BETTER FAMILY LIFE  
FISCAL MONITORING REVIEW  
JANUARY 1, 2011 THROUGH AUGUST 31, 2011**

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## INTRODUCTION

### Background

**Contract Name:** Better Family Life

**Contract Numbers:** 11-31-72  
11-11-95  
CDBGR-18

**Contract Periods:** January 1, 2011 through December 31, 2011 (#11-31-72)  
January 1, 2011 through December 31, 2011 (#11-11-95)  
January 1, 2010 through September 30, 2012 (#CDBGR-18)

**CFDA Numbers:** 14.218 (Contract #11-31-72 & #11-11-95)  
14.253 (Contract #CDB GR-18)

**Contract Amounts:** \$165,632 (Contract #11-31-72)  
\$17,100 (Contract #11-11-95)  
\$796,000 (Contract #CDBGR-18)

Contract #11-31-72 provided Community Development Block Grant (CDBG) funds to Better Family Life (Agency) to promote and enhance the quality of life of all residents within the West End, Visitation Park and Academy neighborhoods by continuing to attract residential and commercial developers, improve social and recreational services, increased housing development and neighborhood beautification projects.

Contract #11-11-95 provided funds to the Agency's Urban Rhythms Summer Program to offer a special summer recreation program (from June through August 2011) to serve the need of approximately 40 youth in the west end neighborhood (age 6 through 18)

Contract #CDBGR-18 provided funds to the Agency's Cultural, Educational and Business Center is to build an institution of international significance that expresses the cultures of peoples of Africa and the African Diaspora; provide diverse and creative educational programs, and creates an environment that allows for a variety of business opportunity and individual skill enhancement.

### Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2011, through August 31, 2011, and make recommendations for improvements, as considered necessary.

## **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed, as considered necessary. Fieldwork was completed on October 19, 2011.

## **Exit Conference**

We offered the Agency the opportunity for an exit conference on December 6, 2011 and a reminder e-mail was sent on December 19, 2011 but the Agency has not responded.

## **Management's Responses**

On December 6, 2011, the Agency was provided with our observations and recommendations and a response was requested by December 14, 2011; however, as of the date of the report, the Agency has not responded.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report, Project #2011-CDA01 issued December 16, 2010, noted two observations.

1. Opportunity to improve internal controls over timely disbursement of federal funds **(Resolved)**
2. Opportunity for two duly authorized signatures on disbursement checks. **(Resolved)**

### **A-133 Status**

The Agency expended over \$500,000 in federal awards for it year ending December 31, 2010, and was required to file an A-133 Audit Report. As of the fieldwork completion date, the report had not been completed.

### **Summary of Current Observations**

Recommendations were made for the following observations, which, if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

1. Opportunity to file the A-133 audit report
2. Opportunity to file the IRS Form 990 in a timely manner
3. Opportunity to maintain adequate bonding insurance
4. Opportunity to submit monthly financial reports in a timely manner

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To File the A-133 Audit Report**

The Agency did not complete and file the A-133 single audit report, for the year ended December 31, 2010, with the Federal Audit Clearinghouse (FAC), as required by OMB Circular A-133. The report was due September 30, 2011. .

OMB Circular A-133 requires non-federal organizations, expending \$500,000 or more in federal awards during their fiscal/calendar year, to have a single audit conducted no later than nine months after the end of the fiscal/calendar year.

The Agency did not have a system of internal control in place to ensure compliance with OMB Circular A-133 reporting requirement.

Non-compliance with the single audit filing requirement of the OMB Circular A-133 may result in suspension or termination of the Agency's federal awards.

#### **Recommendation**

It is recommended that the Agency comply with the single audit filing requirement of the OMB Circular A-133 by completing and filing the A-133 single audit report to the FAC.

#### ***Management's Response***

On December 6, 2011, the Agency was provided with the observations and recommendations and a response was requested by December 14, 2011; however, as of the date of the report, the Agency has not responded.

### **2. Opportunity To File Internal Revenue Service (IRS) Form 990 In A Timely Manner**

The Agency did not file its IRS Form 990, for the year ending December 31, 2010, by the due date. The report was due May 15, 2011; however, it was filed on August 12, 2011. The Agency did not obtain a filing extension from IRS for filing the Form late.

Not- for- profit organizations, with annual gross receipts of \$25,000, are required to file an IRS Form 990 by the 15th day of the fifth month, following the end of the fiscal / calendar year, and make the Form available for public inspection for a period of three years.

## **2. Continued...**

Non-compliance with the IRS Form 990 reporting requirements may result in a \$20 fine per day up to a maximum of \$10,000 per year. The Agency may also lose its tax-exempt status.

### **Recommendation**

It is recommended the Agency establish a system of internal control to ensure compliance with the IRS Form 990 filing requirements.

### ***Management's Response***

*On December 6, 2011, the Agency was provided with our observations and recommendations and a response was requested by December 14, 2011; however, as of the date of the report, the Agency has not responded.*

## **3. Opportunity To Maintain Adequate Bonding Insurance**

The Agency did not provide proof of bonding insurance for its grants-funded officers and employees.

CDA Operating Agency Fiscal Procedures Manual requires the Agency to maintain adequate bonding insurance policy for its all grant-funded officers and employees with financial responsibilities. The minimum coverage for employees is \$10,000 and minimum coverage for officers is \$25,000.

The Agency did not have a system of controls in place to ensure compliance with the bonding insurance requirement of the CDA Operating Agency Fiscal Procedures Manual.

Failure to maintain adequate and current bonding insurance may result in the loss of grant funds from theft, fraud or dishonesty. In addition, Non-compliance with the CDA Operating Agency Fiscal Procedures' bonding insurance requirement may result in termination of the grant contract.

### **Recommendation**

It is recommended that the Agency comply with CDA Operating Agency Fiscal Procedures Manual's bonding insurance requirements and obtain bonding insurance for its grant-funded officers and employees with financial responsibilities.

### 3. Continued...

#### *Management's Response*

*On December 6, 2011, the Agency was provided with our observations and recommendations and a response was requested by December 14, 2011; however, as of the date of the report, the Agency has not responded.*

### 4. Opportunity To Submit Monthly Financial Reports In A Timely Manner

Seven monthly financial reported were reviewed, and all of them were submitted late by an average of 17 days:

Contract Number	Reporting Month	Due Date	Date Submitted	Number of Days Late
11-11-95	June 30, 2011	July 10, 2011	August 22, 2011	43
11-11-95	July 31, 2011	August 10, 2011	August 22, 2011	12
11-31-72	April 30, 2011	May 10, 2011	May 11, 2011	1
11-31-72	May 31, 2011	June 10, 2011	June 22, 2011	12
11-31-72	June 30, 2011	July 10, 2011	August 8, 2011	29
11-31-72	July 31, 2011	August 10, 2011	August 30, 2011	20
11-31-72	August 31, 2011	September 10, 2011	September 15, 2011	5
Total days late				121
Average days late				17

The CDA grant contract agreements state, "...the operating shall be required to submit monthly financial reports to the Comptroller's Office-Federal Grants Section no later than the 10<sup>th</sup> calendar day following the reporting month."

Non-compliance with the CDA grant contract agreements may cause a delay or suspension in the processing of reimbursement requests, resulting in interruption in the Agency's services to its clients.

The Agency did not have a system of internal controls in place to ensure compliance with the reporting requirements of the grant contract agreements.

#### **Recommendation**

It is recommended that the Agency establish a system of internal controls to ensure compliance with the CDA grant contracts' reporting requirements.

#### **4. Continued...**

##### ***Management's Response***

*On December 6, 2011, the Agency was provided with the observations and recommendations and a response was requested by December 14, 2011; however, as of the date of the report, the Agency has not responded.*